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FAIRCHILD IN REPLY ON LANDS

(Continued from Page 1)

ments of like terms with those above field No. 35, would be left stranded, so to speak, as they are without funds to construct the necessary railroad, which is imperative to the success of homesteading in this district. The homesteader cannot afford to haul his cane, supplies, etc., a distance of five miles in carts, nor pay for such expensive transportation. Under the law they can neither mortgage their homesteads, nor can the Government render them financial assistance for such or any other purpose in assisting them to make the homesteading of these lands profitable.

Under the proposed plan the revenue from the developed lands and waters will be used to assist these homesteaders on the undeveloped lands in doing what may be necessary to settle and develop the undeveloped lands, thus carrying out what it is hoped will prove to be successful homesteading of the pioneer type, and at the same time creating increased taxation values.

There is only one observation I wish to make in passing. In my opinion the Government has asked too great a price of the Homesteader for the fee of his land, and of the lessee of the developed lands too high a rental, which in many cases might result in the proposed plan being abandoned to the detriment of homesteading, but as this plan appeals very strongly to me, being along the lines where there seems to be a chance for successful homesteading, I shall urge the acceptance of your terms.

The cash outlay which must be made by the lessee before the plant crop can be harvested from the 750 acres is, as already stated, excessive, and under a long lease would be spread over a number of crops, but as this railroad will serve over 1800 acres of Government land, upon which in my opinion the only crop that will make homesteading a success is sugar, I shall advise taking a chance in paying by way of improvements a rental which is double the maximum which should be charged, and at the same time places the lessees absolutely in the hands of the Land Commission as to receiving credit at the proper time, for that portion of the expenses of the plant crop which belong to the ratoon crop, in case the land is homesteaded after the plant crop is harvested.

I shall raise no objection to the fact that the Government reserves to itself the right to be the sole judge as to the success or failure of the homesteaders on the upper lands and whether same shall have been due to themselves or the co-operation, or hostility, of the lessees, who assume a financial risk which the Government does not. If Public Opinion is any guide, the homesteaders and the Land Commissioners are as much on trial as are the plantations, for we hear of "speculative and fake homesteaders," "prejudiced or shirking the land commissioners" in certain quarters quite as much as remark about

"plantations being poisonous to homesteads."

I believe that many plantations today would gladly welcome as a homesteader upon his own or the Government lands the true cane farmer or "Colonos," as he is known in Cuba, who will do what the colonos do there, raise the cane and deliver it into the Central Factory's cars at a price which will allow the Planter of Hawaii to sell his sugar in competition with the World and make the "game worth while," tariff or no tariff.

On the other hand there is sufficient evidence to warrant the statement that much of the homesteading of the past on developed agricultural lands has not only failed to realize the ideals of its champions, but has proved an absolute failure on 95 per cent. of the 4442 acres of Government developed agricultural lands.

Whether the neighboring plantations, or the homesteaders, or the law, or the administration of same is at fault, is a matter of difference of opinion, but in that of the writer there are many places in these islands where the proper class of people may "make good" raising cane at terms which will be fair and remunerative to both homesteader and mill, and much may be accomplished in the way of homesteading lands which today are undeveloped but capable of yielding as much, if not more, and at less cost for production than land which has been under cultivation for thirty years. All that is required is the extension of the existing railways and greater development of the present undeveloped water facilities. The significance of this belief or statement is particularly in evidence at Kapaa where the upper lands do not require much irrigation, hence are more attractive to Caucasian homesteaders, who complain that they are unable to work at irrigation as do the Orientals because of a greater susceptibility to rheumatism.

The upper lands never having been under cultivation are free from weeds for the first few years after they are plowed and planted to cane, resulting in less cost for hoeing. As hoeing and irrigation are the main expenses in the way of labor it is natural for these lands to be preferred to the lower fields, which require much more manual labor for irrigation and hoeing.

Under the present law, after a lessee of the Government lands has cleared, plowed, planted and otherwise made large initial outlays to put in a crop of cane, there is nothing to prevent the ratooners from being preempted by someone who has not contributed a cent in their creation. There is not only danger of financial loss to the lessee, a matter which may not concern the territory to any great extent, as the lessee may be able to pocket the loss, but the consideration of the effect on civic ideals should appeal to those holding the opinion that civic ideals should be maintained to the exclusion of any financial consideration.

Can anyone hope for the proper atmosphere, or relations, or animus to exist in the vicinity of the plantations having government lands when the laws are such that the lessees of these lands is absolutely at the mercy of his enemies or speculators. It is any wonder that homesteading

of agricultural lands has been a failure, when the conditions are conducive to making enemies rather than partners of those who must pull together to make ideal homesteading a success.

In accepting the terms you propose, I am conscious of the danger of financial loss to the lessees of the proposed lease at the completion of the harvesting of the plant crop, as they will not have the slightest claim on the land after that time, and may be "held up" as is reported to have been the case in other localities, for real, fancied or inspirational injustices to the local homesteaders, resulting in public sentiment being inflamed to a point where the Land Commission would not find it politic to do otherwise than act in accordance with public sentiment.

In my offer I asked that the lease be for a period of time sufficient for a plant and ratoon crop with this idea in view, that should the unforeseen happen, the Lessees would be in a position to protect themselves and the Government against snap judgment or popular clamor by referring to the Courts the definition of the meaning of the word "crop" as expressed in this connection in the Organic Act amendments. Evidently the Commission wishes such a protection to the lessees waived so I bow to their ruling.

Referring to page 8 of the report, which reads as follows: "We have taken the liberty of furnishing Mr. Fairchild with a copy of this report so that if the same incorrectly states his views or position in any particular, he will be at liberty before the meeting called to consider this report, to make the necessary amendments, or change so as correctly and accurately to state his position in the premises."

I hope that you will not consider that I have abused this privilege in what has preceded or will follow in regard to that portion of your report which reads as follows: "It was brought out clearly from the homesteaders themselves that the reason they were taking the mauka, poorer and more expensive lands was because they were afraid to take the makai lands for fear of incurring the hostility of the plantation, and that such was the fact was self evident because men in the nature of things, homesteading lands at Kapaa, would not be taking admittedly poorer sections when there was a direct invitation, in print, issued by the Land Board offering them the richer makai lands."

I should allow this statement to pass unnoticed were it not capable of being read differently from what I think was the intent of your committee.

Fear of the unknown too often "gives us pause" and "the native hue of resolution is sicklied o'er with a pale cast of thought, and enterprises of great pith and moment with this regard, their currents turn away and lose the name of action." I do not question the sincerity of the statement made by some of the homesteaders as reported by you, for the reason that public opinion which is founded on public gossip, too often furnishes good excuses for those who lack the courage to undertake "enterprises of great pith and moment" such as confront the "fake" homesteader when the local plantation turns more than a deaf ear to their schemes.

To this day many good and true people throughout the world hide money in tin cans, and out of the way places about their homes, not because they are justified in taking such risks against fire and burglary, but because "someone has said that banks fail" and "thieves break through and steal."

One of the best reasons I have for recommending that the Lessees place themselves, so to speak, in the hands of the Land Commissioners and the homesteaders, is to avoid the dual responsibility in the case of any miscarriage of justice and any basis for the claim that the lessees had brought it about by "holding up" the Board, and more than that, to the belief, on my part, that those who will take up homesteads at Kapaa have learned by experience that it is not wise to hide their money in tin cans, nor to listen to the idle talk of those who are "afraid of the unknown" and the "poisonous influence" of the neighboring plantation, realizing that it is the only agency that can or will assist, and has assisted them so long as they were bona fide and sincere in doing what the law requires and the public expects of them as homesteaders.

As additional evidence to show that the homesteaders' fears were unwarranted, I hand you enclosed a copy of some correspondence with the Governor of the Territory, his reply and a memorandum note to the writer signed by the President of the Plantation Company of which I am the manager.

It may interest you to know what the people at Kapaa who have taken up town lots on the Flat have said relative to the leasing of the developed lands and waters, some of whom have suggested that a petition be circulated requesting the government to lease the lands and waters so long idle, to the Plantation, so that they would feel justified in taking up not only the town lots, but the upper homesteads as well, for so long as they saw no evidence of the plantation resuming operations on the lower lands they were afraid they

ABE MARTIN



A firm chin is helpless without a stiff upper lip. You never see idleness and worry arm in arm.

might be obliged to give up even the town lots which they had taken up. That the upper lands have recently been homesteaded, was due to an exchange last year whereby the plantation acquired sufficient land adjoining their fee lands on the Kapaa side to resume operation in that locality. Above these lands were some Government homesteads. As soon as the Company commenced plowing their fee lands, some of the Kapaa people asked for a grinding contract, saying if it were favorable they would take up the homesteads in that locality. Satisfactory arrangements were made and all of the lots were taken up.

Later on inquiries came in from others who would take up the lots on the lands above those applied for in my letter of June 8, and we agreed to make the same arrangements with the homesteaders there, provided we could arrange with the government for enough land to justify the expense of building the four or five miles of railroad necessary to enable us to pay them a remunerative price for the cane they were to raise on their lands.

So soon as the Company was assured that there were cane farmers ready to do what the "colonos" do in other countries, we took up the matter with your Board and this will account for the application for the lease now under consideration.

The people of Kapaa were familiar with the Russian experiment of settling people upon these lands in a wholesale way some years ago, which proved so disastrous for all concerned, and especially the plantation, who, it was admitted by all had done everything in reason to make the venture a success.

We have also been approached by those inspired by speculative motives who would "dummy homestead," or "travel the route as dead weights" but to all of these schemes we have turned more than a deaf ear.

As to the quality of the homestead lands to which you refer. For a few years they will be fully as productive, cheaper, and more agreeable to cultivate by the class of people who have taken them up, than would the makai lands which had been under cultivation for thirty years, mainly because there will be little or no irrigation, which is uncommercial, as has been already stated in this letter.

The Caledonia case does remarkably well on these upper fields where Lahaina was a failure, so that the introduction of the Caledonia cane has made those upper lands fully as advantageous as the lower, especially since the cultivation of Lahaina cane has had to be abandoned everywhere in this district.

Some citizens, I have been informed did not care to take up the upper homesteads, thinking the lower ones would be homesteaded with water rights which they might eventually sell or lease at an attractive figure, as the upper lots had no water rights, they feared that in taking them up there would be difficulty later on in acquiring those having water.

So far as the land is concerned, I am willing to go upon record as saying that acre for acre, without water, the upper lots would be taken where the makai lots would go begging. I would also state in this connection that the Government should retain title to all of the water no matter what disposition is made of the land.

All of which is respectfully submitted by

Yours very truly,
GEO. H. FAIRCHILD.

Mr. Fairchild's proposition to the Land Board that brought about the investigation by Carter & Kinney follows:

Kealia, Kauai, T. H., June 1, 1911.
My Dear Mr. Carter:—At the last meeting of the Land Commission a letter was presented by the acting Land Commissioner to the effect that the Governor had recommended a 15-year lease of 1,500 acres (1,500 acres

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net cane land, balance roads, ditches, etc.) of Kapaa cane land, with a daily flow of 8,000,000 gallons of water, to be sold at auction at an upset price of \$7,000.00 per annum, with the following proviso: "Right of withdrawal for homestead purposes of any part or parts of the lands under lease, with corresponding water, after the harvesting of any growing crops, either plant or ratoon; also termination of the lease as to any part or parts of the land, with corresponding water, at the option of either party after the harvesting of any ratoon crop or, in case of no ratoon crop, the plant crop, upon six months' prior written notice."

If the lease were for 15 years without the danger of interruption or revocation, taking into consideration the quality of land, climatic conditions and the fact that at least one-fourth (one-third would be better) of the land should be bare fallow at all times, in the interest of good husbandry, the enclosed crop and water plan would be adopted, whereby there would be harvested each year from 1500 acres of land 600 acres, 300 of which would be plant and 300 long ratoon. The 300 acres of plant are estimated to yield 1200 tons and the 300 long ratoon 1050 or a total of 2250 tons from the 600 acres.

With the 1500 acres are leased a daily flow of 8,000,000 gallons of water which amount is equivalent to a yearly flow of 2920 million gallons, sufficient to ensure the cropping of each year 600 acres of land, as the accompanying table will illustrate.

During those months when less than 8,000,000 gallons of water a day are required, the surplus is conserved to make up the apparent deficit for those months when both the senior and junior crops are under water.

In order to determine the annual rental for a tract of land with water such as Kapaa, where it is not possible on account of the quality of the land to crop annually more than 37½ per cent, which necessitates keeping 75 per cent constantly under cultivation and irrigation, it would seem logical to charge as yearly rental an amount which is equivalent to a certain per cent of the gross sales at market of the sugar annually produced from the combined area of land and water leased.

With this assumption as a basis and taking 5 per cent of the sales of the sugar capable of being produced annually from the total area and quantity of land and water, the annual rental to be paid for the lease under consideration may be determined as follows:

From the crop and water table (enclosed herewith) and the estimated yields in sugar from the lands, it is shown that it will be possible to harvest each year sufficient cane from 600 acres to yield 2250 tons of sugar

or 3.78 tons of sugar per acre. To corroborate the estimated yields, I would refer you to the average yields of the Kilanea and Lihue plantations on either side of us, and also the yields of Kapaa for the last four years they were under cultivation as follows:

1902	4.15 tons sugar per acre
1904	4.19 tons sugar per acre
1905	3.96 tons sugar per acre
1906	3.94 tons sugar per acre
1907	3.38 tons sugar per acre
1908	2.58 tons sugar per acre

Assuming that the 2,250 tons of sugar sell for \$75.00 net per ton in New York, the gross net sales will amount to \$168,750.00, 5 per cent of this is \$8,437.50 which sum is equivalent to \$3.75 a ton of sugar rental for the land and water, and \$5.27 per acre per annum for all the land and water, or \$14.66 per crop acre with water.

As there is no certainty that we will have undisturbed possession of the land and water for a period of time longer than to cover say a plant and possibly one ratoon crop, we are naturally forced to plant as much of the land as the quantity of water will allow which will be 750 acres.

Now assuming that we had taken a lease on the first of January of this year, had cleared, plowed and planted 750 acres by the end of next month (July). The cane from this would be harvested in the spring of the year of 1913, and is estimated to yield 3000 tons of sugar, in the summer of 1913 the same 750 acres would be ratooned and harvested in the spring of 1913 and should yield 2575 tons of sugar.

So between the 1st of July 1911 and June 30 of 1915, or in four years, there may be harvested from the land and water 5,575 tons of sugar, which if sold for \$75.00 would give a net gross sales of \$418,125.00. Five per cent of this amount is \$20,906.25, which sum divided by four gives \$5,225.00, the amount we should pay per annum as rental for the use of the 750 acres of cane land with a daily flow of 8,000,000 gallons, \$5,225.00 divided by 750 acres gives a yearly rental per acre for the 750 acres of cane and with water of \$6.96.

The rental of \$7,000.00 per year recommended by the Governor seems to be a compromise between \$8,437.50 and \$5,225.00 perhaps due to the uncertainty of the tenure of any agricultural lease the Government may make under the law.

Yours respectfully,

CHARLES F. COTTRILL, Collector of Internal Revenue, will make an inspection tour on the other islands some time in August. He is at present busy superintending the work in office.

CONSPIRACY CHARGED

(Continued from Page 1)

600 has been paid to Armitage for which, it is alleged, he has refused an accounting and which he is charged with converting to his own use.

The filing of the bill for an accounting caused a sensation today in court circles. Holt is a large property owner and the allegations of "conspiracy" in the charges are startling.

Mr. Armitage was asked by the Bulletin this afternoon for a statement, but declined to make one, referring the question to his attorney, E. C. Peters. "I did not hear of this until I was going on the stock exchange this morning, and immediately turned the matter over to Mr. Peters," he said.

Attorney Peters said in response to a question that he is not ready to make a statement yet. "The affair is so involved that I could make no statement now," he said. "It is the outcome of a long series of relations. We shall file our answer as soon as possible."

KUHIO BELIEVED IN S. F. NOW

Delegate Kuhio is believed to be in San Francisco today on his way to Honolulu. No absolute confirmation of this has been received here, but news of his coming has preceded him, and, according to reports, he will take the first steamer leaving.

FORGER CONVICTED

A jury in Judge Cooper's department of the Circuit Court this morning did not take much stock in the defense of Kuakini, the Hawaiian charged with forgery for it quickly returned a verdict of guilty and a sentence of not less than one year nor more than five was imposed by Judge Cooper.

Kuakini was charged with forging the name of Kahana Makai to a pay check and collecting the money.